



Financial plan and targets

Capital Markets Day

Christopher Rees, Group CFO
25 October 2019

Disclaimer

- This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.
- Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.
- This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

We have a strong financial foundation to build on



Solid capital position
(CET1 Ratio 15.4% Q319
and RAC¹ ratio 11.6% Q219)



Solid credit quality



**Proven capital
generation capacity**

AA

AA rating
(AA- by all 3 rating agencies)

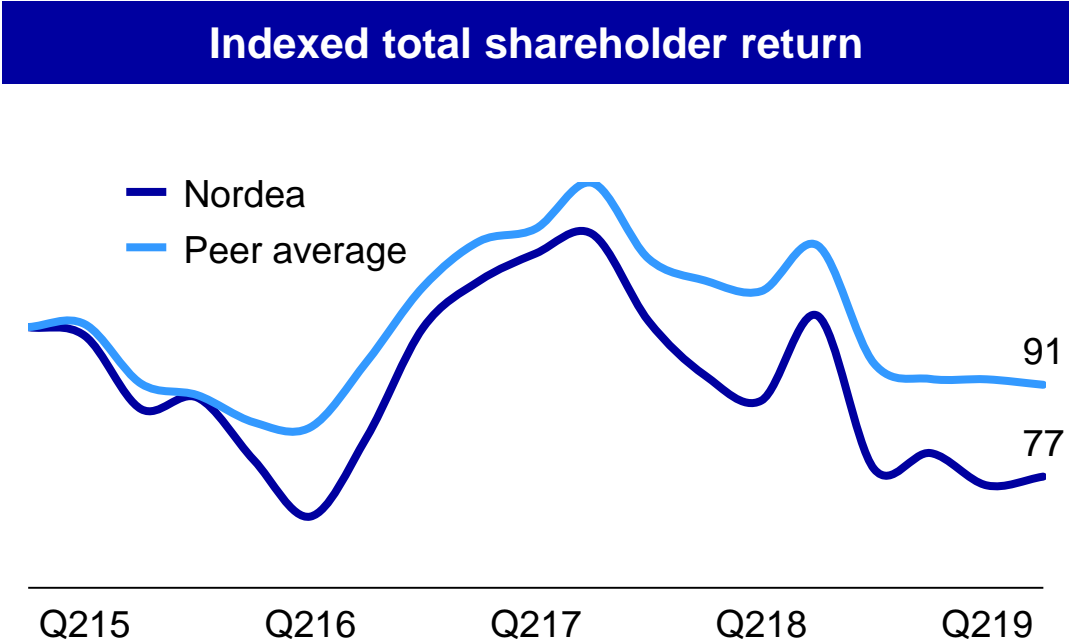
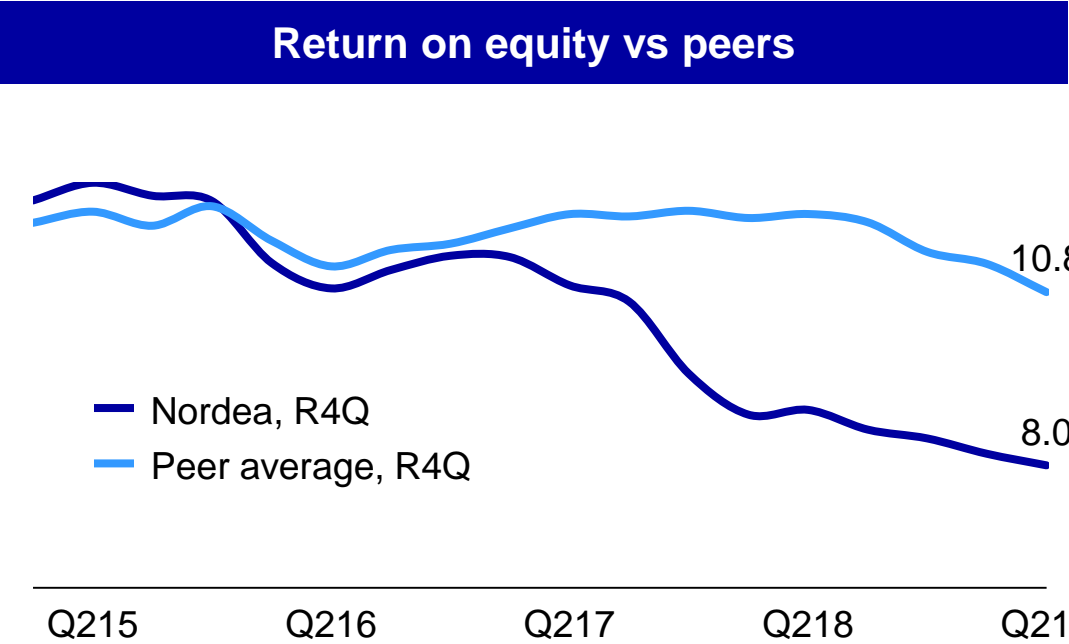


Strong liquidity position
(NSFR 110%² and LCR 188% Q319)



**Diversified business and
funding base**

Weak financial performance in recent years calls for an accelerated financial plan



Relative RoE Peers (weighting): DB (30%), DNB (20%), OP (10%), SEB (15%), SHB (15%), SWB (10%)
TSR Peers: Equal weighting DB, DNB, SEB, SHB, SWB, Total shareholder return in euros

Financial targets

Cost/income ratio in FY22

50%

Return on equity in FY22

>10%

Capital policy from 2020

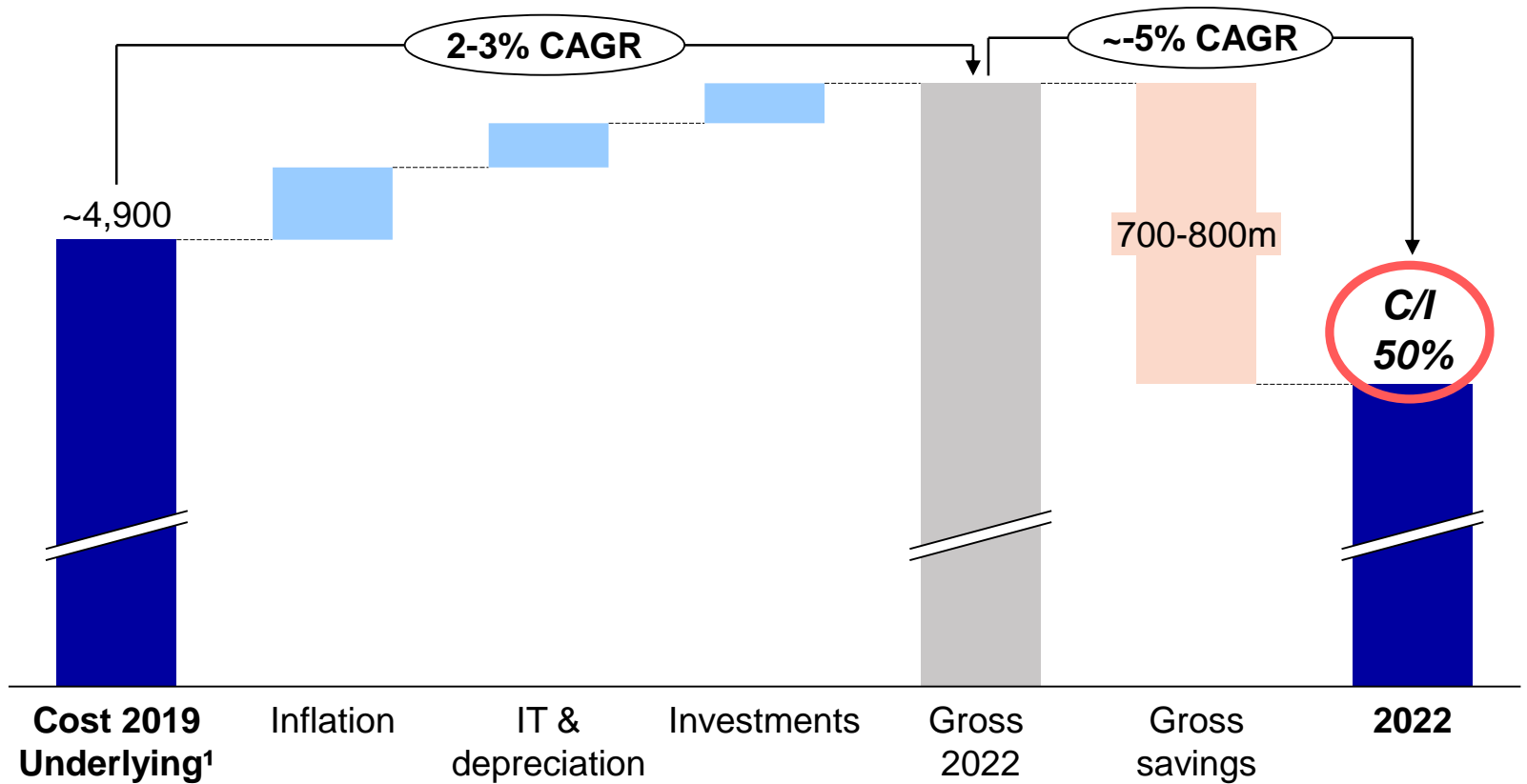
**150-200 bps
management buffer**
above the regulatory CET1 requirement

Dividend policy from 2020

**60-70% pay-out of distributable
profits to shareholders.¹**
Excess capital intended to be distributed
to shareholders through buybacks

Gross cost reductions exceed investments and inflation

Cost changes by end 2022



For 2020, we expect to reach a cost base below EUR 4.7bn

We plan to continue delivering annual net cost reductions beyond 2020

Delivery of 700-800m gross cost reduction



People

Fewer people until 2022

- Majority of the planned reductions in head office and central functions
- Reduction in number of external consultants
- Nearshoring



IT

Reduced IT spend

- Outsourcing
- Continued decommissioning, automation and cloud solutions
- Pan-Nordic platforms



Processes

Streamlining of processes

- 40% fewer products
- From 48 to 5 payment platforms
- Automated and robotised processes freeing up time (FTEs)

700-800m

Staff

IT

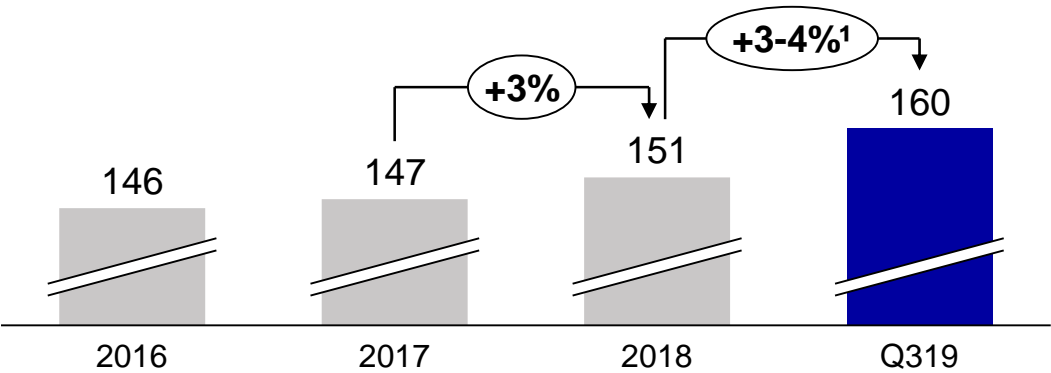
Consulting

Nearshoring

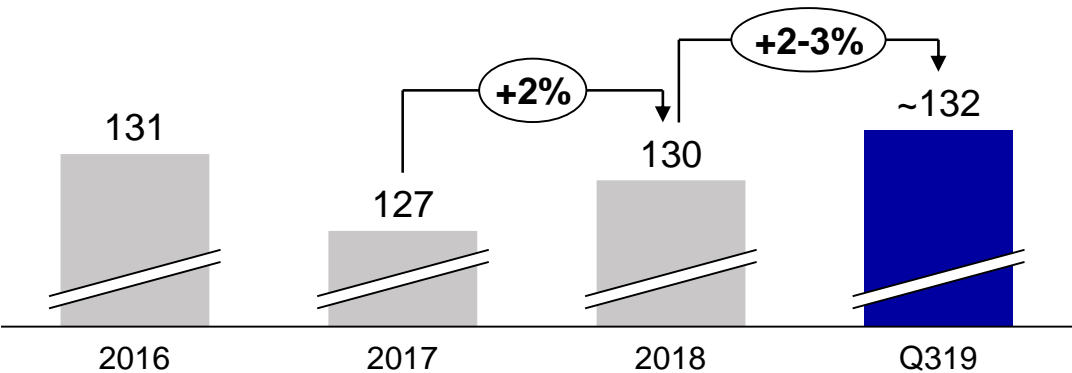
Gross savings by 2022

Intensified business activity and customer focus start to show results

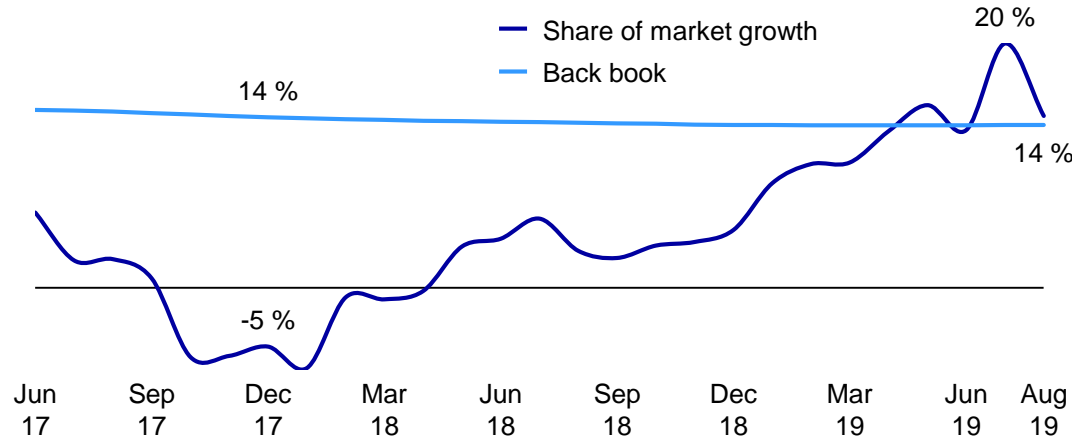
Household lending (EURbn)



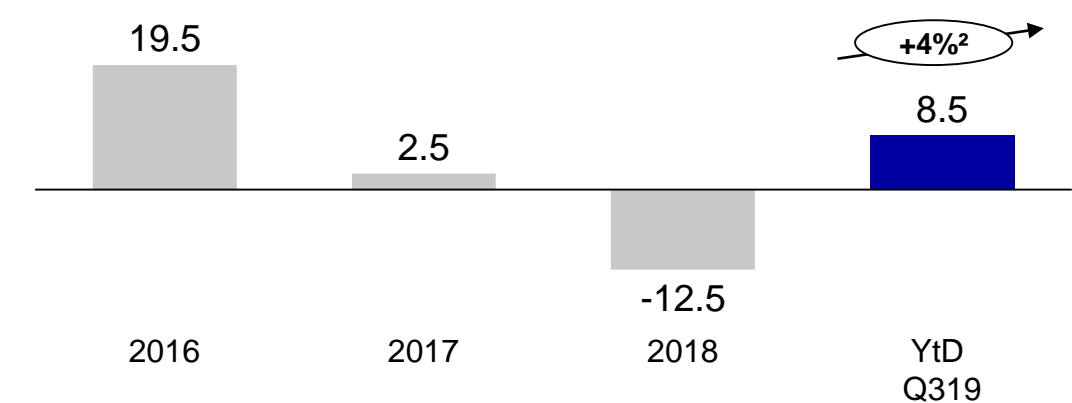
Corporate lending (EURbn)



Market share Swedish mortgages

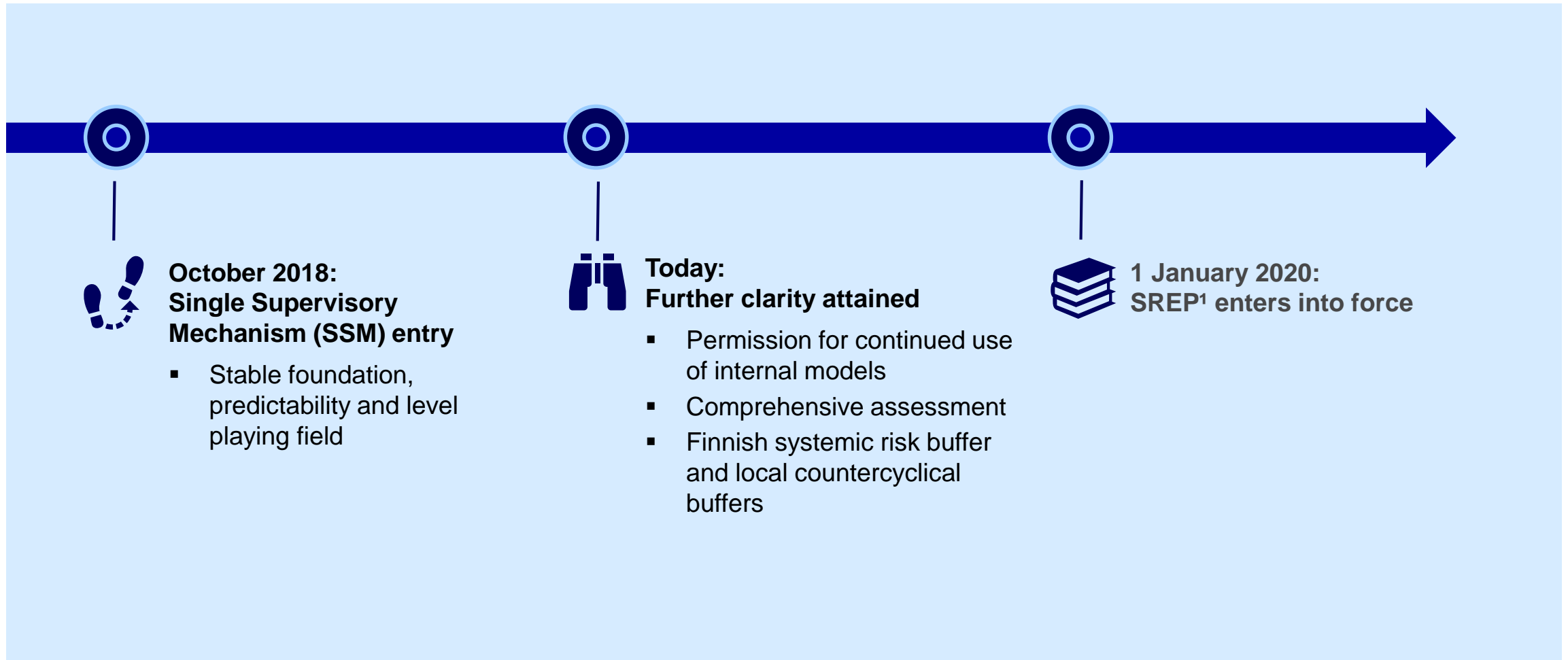


AuM net flow (EURbn)



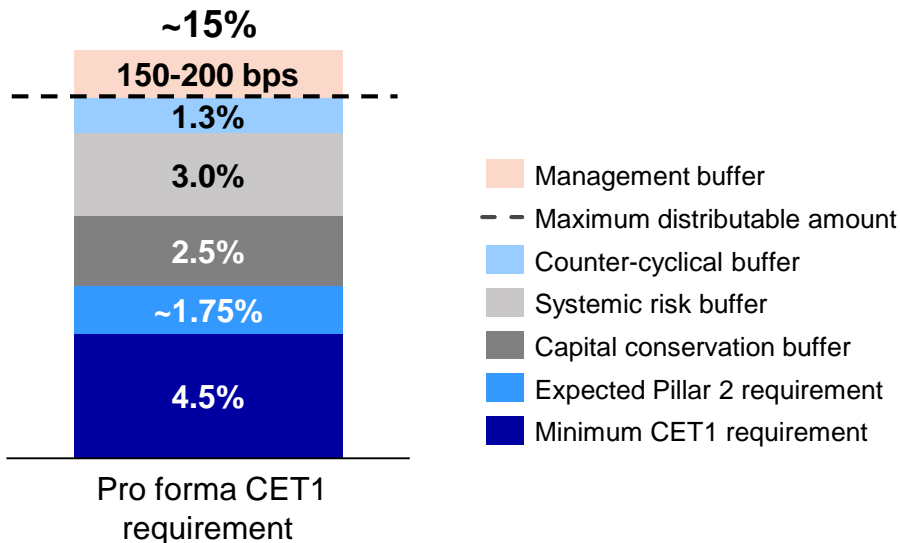
8 1. Growth excl Gjensidige Bank
2. Annualised net flow
Note: Historical periods adjusted for divestments and items affecting comparability

Increased clarity under the SSM



New capital policy and uses of capital

Capital policy from 2020
150-200 bps management buffer
above the regulatory CET1 requirement



Uses of capital

Organic growth

60-70% dividend pay-out ratio

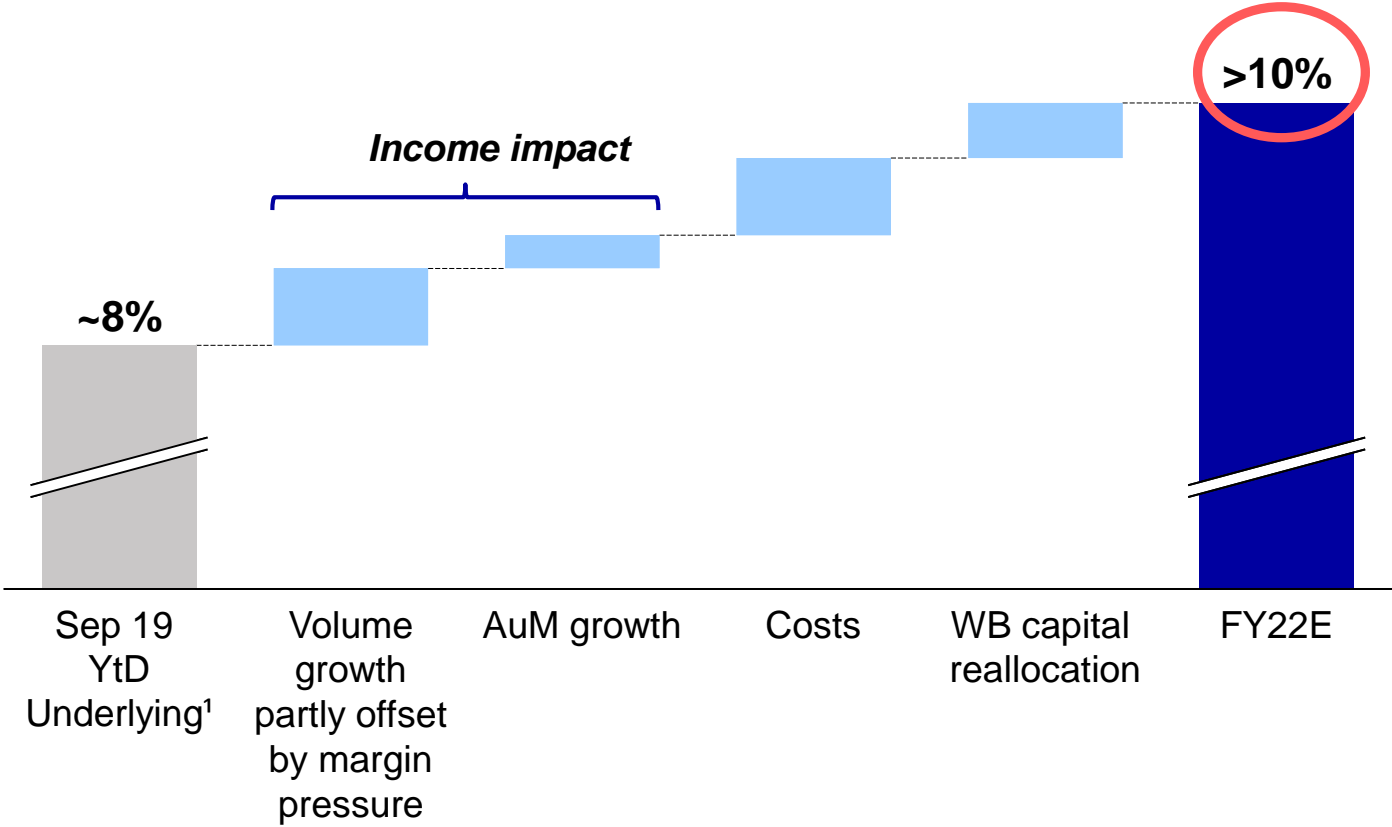
For 2019 Nordea targets a dividend of EUR 0.40 per share

M&A bolt-ons

Share buybacks

The path to exceed 10% return on equity in 2022

Expected return on equity development 2019 to 2022



Drivers of profitability

- Positive momentum on lending volumes
- Net flow in AuM
- Net cost reduction
- WB repositioning helping on both profit and capital
- ➡ Stable credit quality
- ⬇ Pressure on margins

Financial targets

Cost/income ratio in FY22

50%

Return on equity in FY22

>10%

Capital policy from 2020

**150-200 bps
management buffer**
above the regulatory CET1 requirement

Dividend policy from 2020

**60-70% pay-out of distributable
profits to shareholders.¹**
Excess capital intended to be distributed
to shareholders through buybacks